

**COMMUNITY FOUNDATION OF
CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

**COMMUNITY FOUNDATION OF
CENTRAL GEORGIA, INC. AND SUBSIDIARIES**

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BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

October 26, 2016

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Community Foundation of Central Georgia, Inc. and Subsidiaries**

We have audited the accompanying consolidated financial statements of Community Foundation of Central Georgia, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Central Georgia, Inc. and Subsidiaries as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Butler, Williams & Wyche, LLP

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 4,304,987	\$ 3,864,415
Investments, at market value	75,018,003	74,543,623
Interest and dividends receivable	82,811	106,585
Contributions and pledges receivable, net	243,500	687,632
Notes receivable	109,686	73,500
Prepaid expenses	19,539	22,796
Donated real property, at appraised fair value	922,000	922,000
Office equipment & renovations	230,906	257,906
Accumulated depreciation	(223,832)	(247,048)
Collections	12,000	12,000
Assets held in split interest agreements	<u>25,652,640</u>	<u>25,862,748</u>
TOTAL ASSETS	<u><u>\$ 106,372,240</u></u>	<u><u>\$ 106,106,157</u></u>
 LIABILITIES AND NET ASSETS		
 LIABILITIES		
Accounts payable	\$ 1,109	\$ 5,389
Grants payable	402,915	16,500
Accrued annual leave	4,707	7,222
Agency endowments	8,250,832	8,283,008
Liabilities under split interest agreements	<u>15,786,653</u>	<u>16,095,647</u>
TOTAL LIABILITIES	<u>24,446,216</u>	<u>24,407,766</u>
 NET ASSETS		
Unrestricted	71,826,666	71,233,291
Temporarily restricted	<u>10,099,358</u>	<u>10,465,100</u>
TOTAL NET ASSETS	<u>81,926,024</u>	<u>81,698,391</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 106,372,240</u></u>	 <u><u>\$ 106,106,157</u></u>

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions & pledges	\$ 5,033,378	\$ 738,960	\$ 5,772,338
Interest and dividends	2,273,953	-	2,273,953
Net unrealized and realized gain (loss) on marketable securities	(2,137,285)	-	(2,137,285)
Special event revenue net of related expenses of \$2,161 and \$1,350	(206)	-	(206)
Administration of funds, grants, and trusts net of related expenses of \$705,282 and \$533,852	194,660	(83,300)	111,360
Change in value of split interest agreements	-	41,558	41,558
Net assets released from restrictions:			
Satisfaction of time restrictions related to split interest agreements	375,327	(375,327)	-
Decrease in contributions & pledges receivable due to receipt of assets	687,633	(687,633)	-
	<u>\$ 6,427,460</u>	<u>\$ (365,742)</u>	<u>\$ 6,061,718</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES			
Program services:			
Grants	4,428,080	-	4,428,080
Other	310,482	-	310,482
Supporting services:			
Management and general	819,744	-	819,744
Fundraising	275,779	-	275,779
	<u>5,834,085</u>	<u>-</u>	<u>5,834,085</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	593,375	(365,742)	227,633
NET ASSETS-BEGINNING OF YEAR	<u>71,233,291</u>	<u>10,465,100</u>	<u>81,698,391</u>
NET ASSETS-END OF YEAR	<u>\$ 71,826,666</u>	<u>\$ 10,099,358</u>	<u>\$ 81,926,024</u>

The accompanying notes are an integral part of these statements.

2015

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 3,581,330	\$ 2,600,948	\$ 6,182,278
2,451,641	-	2,451,641
(2,729,598)	-	(2,729,598)
(130)	-	(130)
101,930	(10,356)	91,574
-	(1,485,298)	(1,485,298)
-	-	-
<u>3,479,634</u>	<u>(3,479,634)</u>	<u>-</u>
\$ <u>6,884,807</u>	\$ <u>(2,374,340)</u>	\$ <u>4,510,467</u>
3,770,463	-	3,770,463
357,153	-	357,153
845,342	-	845,342
<u>239,783</u>	<u>-</u>	<u>239,783</u>
<u>5,212,741</u>	<u>-</u>	<u>5,212,741</u>
1,672,066	(2,374,340)	(702,274)
<u>69,561,225</u>	<u>12,839,440</u>	<u>82,400,665</u>
<u>\$ 71,233,291</u>	<u>\$ 10,465,100</u>	<u>\$ 81,698,391</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				
	Program Services		Supporting Services		
	Grants	Other	Management and General	Fundraising	Total
Business Insurance	\$ -	\$ 587	\$ 10,573	\$ 408	\$ 11,568
Communications	-	17,620	-	59,428	77,048
Computer related expenses	-	20,018	18,156	8,379	46,553
Depreciation	-	1,627	1,476	681	3,784
Development	-	-	-	39,887	39,887
Dues	-	11,554	10,479	4,837	26,870
Grants	4,428,080	-	-	-	4,428,080
Health insurance	-	9,937	9,012	4,160	23,109
Investment management fees	-	-	511,717	-	511,717
Legal and professional	-	12,789	11,600	5,354	29,743
Merchant fees	-	-	-	948	948
Office supplies	-	7,234	6,562	3,028	16,824
Office relocation	-	-	-	-	-
Payroll taxes	-	11,450	12,234	7,975	31,659
Postage	-	1,729	1,568	724	4,021
Property taxes	-	-	1,717	-	1,717
Rent	-	18,086	16,403	7,571	42,060
Retirement plan	-	13,245	14,151	9,225	36,621
Salaries	-	165,171	176,468	115,039	456,678
Telephone	-	3,138	2,846	1,313	7,297
Training and seminars	-	6,030	5,470	2,524	14,024
Travel	-	10,267	9,312	4,298	23,877
	<u>\$ 4,428,080</u>	<u>\$ 310,482</u>	<u>\$ 819,744</u>	<u>\$ 275,779</u>	<u>\$ 5,834,085</u>

The accompanying notes are an integral part of these statements.

2015

Program Services		Supporting Services		
Grants	Other	Management and General	Fundraising	Total
\$ -	\$ 784	\$ 9,656	\$ 545	\$ 10,985
-	24,470	-	18,456	42,926
-	28,240	25,613	11,821	65,674
-	14,669	13,304	6,140	34,113
-	1,402	-	32,393	33,795
-	7,446	6,753	3,117	17,316
3,770,463	-	-	-	3,770,463
-	8,568	7,771	3,586	19,925
-	-	505,498	-	505,498
-	24,158	21,911	10,113	56,182
-	-	-	608	608
-	8,351	7,574	3,495	19,420
-	36,272	32,897	15,183	84,352
-	10,710	11,442	7,459	29,611
-	1,400	1,270	586	3,256
-	-	1,720	-	1,720
-	8,894	8,066	3,723	20,683
-	12,348	13,192	8,600	34,140
-	154,845	165,436	107,847	428,128
-	3,683	3,341	1,542	8,566
-	3,062	2,777	1,282	7,121
-	7,851	7,121	3,287	18,259
<u>\$ 3,770,463</u>	<u>\$ 357,153</u>	<u>\$ 845,342</u>	<u>\$ 239,783</u>	<u>\$ 5,212,741</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 227,633	\$ (702,274)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,784	34,113
(Increase) decrease in:		
Prepaid expenses	3,257	(481)
Contributions receivable	444,132	23,797,003
Notes receivable	(36,186)	-
Increase (decrease) in:		
Accounts payable	(4,280)	4,143
Accrued annual leave	(2,515)	331
Agency endowments	(32,176)	(197,201)
Grants payable	386,415	(474,388)
Marketable securities received as contributions	(3,121,159)	(5,139,686)
Net unrealized and realized gains on marketable securities	2,137,285	2,729,598
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,190	20,051,158
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in interest and dividends receivable	23,774	58,430
Purchases of marketable securities	(10,299,261)	(32,404,896)
Proceeds from sale of marketable securities	10,808,755	31,652,372
(Increase) decrease in assets under split interest agreements	210,108	(20,935,048)
Increase (decrease) in liabilities under split interest agreements	(308,994)	(474,463)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	434,382	(22,103,605)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	440,572	(2,052,447)
BEGINNING CASH AND CASH EQUIVALENTS	3,864,415	5,916,862
ENDING CASH AND CASH EQUIVALENTS	\$ 4,304,987	\$ 3,864,415
SUPPLEMENTAL DISCLOSURE		
Non-cash contributions	\$ 3,121,159	\$ 5,139,686

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of the Community Foundation of Central Georgia, Inc. and Subsidiaries (collectively referred to as the “Foundation”) is to enhance the quality of life for the people of Central Georgia. The Foundation receives gifts and bequests from individuals, families, businesses and organizations. These gifts and bequests make up the funds of the Foundation.

Basis of Presentation

The Foundation’s consolidated financial statements have been prepared on the accrual basis of accounting which recognizes revenue when earned and expenses when incurred in accordance with generally accepted accounting principles in the United States of America.

Basis of Consolidation

The consolidated financial statements of the Foundation include the Community Foundation of Central Georgia, Inc. and the three wholly owned subsidiaries of the Foundation: CFCG Holdings, LLC, CFCG Jennifer Drive, LLC, and Dover Hall Tract 100, LLC. These entities have been set up for the purpose of holding real estate contributed to the Foundation. All significant balances and transactions between the entities have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents as reported on the Consolidated Statements of Financial Position consist of cash, money market funds, and U.S. Treasury notes with a maturity of three months or less at the time of purchase.

Investments

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotes. Investments received as contributions are recorded at their fair market value as determined at the time of the gift. Gains and losses on investments for the year are reported in the Consolidated Statements of Activities as part of net unrealized and realized gain (loss) on marketable securities.

Donated Real Property

Donated real property held for sale is stated at fair market value at the date of donation. Fair market values are adjusted periodically if values materially decline. Periodic fair value appraisals are made as deemed necessary based upon economic conditions and management’s discretion to determine whether the value of the real estate is impaired.

Property and Equipment

Office equipment is recorded on the basis of cost or estimated fair value on the date of gift if received through donation. If the donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided using the straight-line method over the estimated useful lives of three to thirty years. Depreciation expense in fiscal year ends ended June 30, 2016 and 2015 was \$3,784 and \$34,113, respectively.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections

Works of art, historical treasures and similar assets donated to the Foundation are recorded at their estimated fair market value on the date of the gift. They are not depreciated because their economic benefit is used up so slowly that their estimated useful lives are extraordinarily long.

Public Support and Revenue

Support from contributions is recognized when donations and unconditional promises to give are received by the Foundation. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value using a risk-free interest rate. All non-cash contributions are recognized at their fair market value on the date received. Gifts of cash and other assets are reported as restricted support if they are received with time restrictions such as split interest agreements, contributions receivable, and unconditional promises to give. When the stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Functional Allocation of Expenses

The Consolidated Statement of Functional Expenses allocates expenses between two categories or “functions.” These functions are program services, which are grants made in support of the Foundation’s mission and related expenses, and supporting services, which are general, administrative and fundraising expenses. During the year ended June 30, 2016 and 2015, the Foundation made grants totaling \$4,428,080 and \$3,770,463 respectively, for various community needs. Certain costs have been allocated between program services and supporting services based on estimates made by management.

Grants

Grants are recorded as expenses in the year they are approved for payment.

Net Assets

The accompanying financial statements have been prepared in accordance with the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC 958, the Foundation is required to present its net assets and its revenue and gains (losses) based upon the existence or absence of donor imposed restrictions into three classes: unrestricted, temporarily restricted, and permanently restricted. ASC 958 provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The subtopic also provides for enhanced disclosures about endowment funds (both donor-restricted endowment funds and board designated endowment funds). The Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation’s net assets do not meet the definition of endowment under UPMIFA. While not UPMIFA-defined endowment, reference to “endowment” or “endowed assets” in these notes relate to those intentions of the Foundation.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation is governed subject to its Articles of Incorporation and Bylaws, its adopted investment policy and individual gift agreements. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of its Articles of Incorporation, the Foundation has the ability to distribute all or any part of its net income, principal or property, in accordance with determination made by the Foundation's Board of Directors. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Temporarily restricted net assets consist of irrevocable charitable trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Temporarily restricted net assets consist of the following at June 30:

	2016	2015
Contributions Receivable, net	\$ 243,500	\$ 687,632
Split Interest Agreements	9,855,858	9,777,468
Total temporarily restricted net assets	\$ 10,099,358	\$ 10,465,100

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds. These net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets as of June 30, 2016 or 2015.

Endowment Investment and Spending Policies

Endowment assets are invested pursuant to the Foundation's investment policy. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters. The Foundation's investment policy statement establishes a payout rate for distribution.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Due to Other Organizations for Organizational Endowments

In accordance with FASB ASC Topic 958-605, if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as organizational endowments.

The Foundation maintains variance power and legal ownership of organizational endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with ASC 958-605, a liability has been established for the present value of the future payments expected to be made to the not-for-profit organizations, which is generally equivalent to the fair value of the funds. All financial activity for the years ended June 30, 2016 and 2015 related to these funds is not reflected in the Consolidated Statements of Activities and has been classified as a liability in the Consolidated Statements of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Foundation and its supporting organizations have been granted exemptions from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and have been determined not to be private foundations under Section 509(a)(1) of the Code. As such, no provision for income taxes is reflected in the financial statements.

NOTE B – INVESTMENTS

The Foundation's investments are reported at fair value. All other Foundation financial instruments' fair values approximate carrying value. Investments are summarized as follows at June 30:

	2016		2015	
	Cost	Fair Market Value	Cost	Fair Market Value
Stocks, Bonds and Mutual Funds	\$ 71,593,300	\$ 75,018,003	\$ 67,588,245	\$ 74,543,623

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE B – INVESTMENTS (CONTINUED)

Fair Value Measurement

The Foundation follows the provisions of fair value measurement and disclosures codified in the *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820. This Standard is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value, and expanding disclosures about fair value measurements. FASB ASC 820 establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. Valuation adjustments are not applied to Level I instruments. Since valuations are based on quoted prices that are readily available in an active market, valuation of these products does not entail a significant degree of judgment. Classifications consist of common stocks and mutual funds that are valued at the closing price reported on the active market on which the individual securities are traded.

Level II – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Inputs include quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, or other than quoted prices that are observable for assets. Classifications consist of commingled funds, private placement mutual funds, and limited partnerships where detailed holdings were available and consisted of securities reported on active markets, as well as debt securities valued using inputs of quoted prices for similar assets.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Classifications consist of hedge funds and other securities that do not have a readily determinable market value because detailed holdings were unavailable or the securities are not publicly traded. Fair values are based on information provided by administrators of each underlying fund.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE B – INVESTMENTS (CONTINUED)

The fair value of each financial instrument in the table below was measured using FASB ASC 820 input guidance and valuation techniques. The following table sets forth carrying amounts and estimated fair values for financial instruments measured and recorded at fair value on recurring bases at June 30:

	2016			
	Level I	Level II	Level III	Total
Fixed income	\$ 2,539,779	\$ -	\$ -	\$ 2,539,779
Equity funds	22,155,281	-	-	22,155,281
Mutual funds	50,028,083	-	-	50,028,083
Closely held stock & partnership interest	-	-	294,860	294,860
Total Investments	\$ 74,723,143	\$ -	\$ 294,860	\$ 75,018,003

	2015			
	Level I	Level II	Level III	Total
Fixed income	\$ 2,812,834	\$ -	\$ -	\$ 2,812,834
Equity funds	23,183,205	-	-	23,183,205
Mutual funds	48,285,260	-	-	48,285,260
Closely held stock & partnership interest	-	-	262,329	262,329
Total Investments	\$ 74,281,299	\$ -	\$ 262,329	\$ 74,543,628

For the years ended June 30, 2016 and 2015, the change in Level III assets and liabilities measured at fair value on a recurring basis:

	Closely Held Stock & Partnership Interest
Balance - July 1, 2014	\$ 213,496
Change in market value of Level III assets	48,833
Balance - June 30, 2015	262,329
Change in market value of Level III assets	32,531
Balance - June 30, 2016	\$ 294,860

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE C – CONTRIBUTIONS RECEIVABLE

Unconditional contributions are recorded when the promise to contribute is made. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions (including those for acquisition of long-lived assets) that are met within the same year as received are reported as revenues of the unrestricted net asset class.

Unconditional contributions and pledges outstanding are generally due as follows:

	<u>2016</u>	<u>2015</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 223,500	\$ 687,632
One to five years	20,000	-
Contributions receivable, net	<u>\$ 243,500</u>	<u>\$ 687,632</u>

NOTE D – OPERATING LEASE

During the year ended June 30, 2015, the Foundation entered into a new operating lease for office space. The lease term is for 122 months beginning April 1, 2015. The lease calls for the annual rent to commence on June 1, 2015. The total lease expense for the years ended June 30, 2016 and 2015 was \$42,060 and \$20,683 respectively.

The minimum future lease payments under operating leases at June 30, 2016 are as follows:

<u>Fiscal Year Ended June 30,</u>	
2017	\$ 41,884
2018	43,248
2019	43,248
2020	43,373
2121	44,748
2022-2025	<u>175,263</u>
Total minimum future lease payments	<u>\$ 391,764</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE E – SPLIT INTEREST AGREEMENTS

Charitable Remainder Split Interest Agreements

The Foundation serves as trustee for various charitable remainder trusts. Under the terms of these agreements, the Foundation makes specified distributions to designated beneficiaries for a given term or the life of the beneficiaries. Upon the termination of the trust (at the end of the term or upon the death of the beneficiaries), assets remaining in the trust will be transferred to the Foundation. The Foundation records the assets held in these trusts at their fair value based on current quoted market values and records the liability for the respective agreements at the estimated discounted value of the amounts due to the income beneficiaries based on Internal Revenue Service group annuity tables. The present value of payments to beneficiaries under these agreements is calculated using discount rates representing risk-free rates in existence at the date of the gift. Gains or losses resulting from changes in the value of split interest agreements are recorded in the statement of activities. During the years ended June 30, 2016 and 2015, the Foundation's contribution revenue under the split interest agreements totaled \$495,461 and \$1,918,316, respectively.

NOTE F – RETIREMENT PLAN

The Foundation maintains an Internal Revenue Code section 408(K) Simplified Employee Pension plan for its employees. The Foundation's contribution rate is equal to 8% of the annual gross salaries of eligible employees. During the years ended June 30, 2016 and 2015, the Foundation's contribution to the plan totaled \$36,621 and \$34,140, respectively.

NOTE G – DONATED SERVICES

No amounts have been recognized in the financial statements for donated services; however, the Board of Directors and other volunteers have donated significant time to the Foundation's mission.

NOTE H – CONCENTRATION OF CREDIT AND MARKET RISK

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and marketable securities. Cash and cash equivalents are maintained at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation to specific limits. Deposits may at times exceed federally insured limits and credit exposure is limited to deposits at any one institution in excess of this limit. The Foundation has not experienced any losses on its cash and cash equivalents. Marketable securities do not represent significant concentrations of market risk inasmuch as the Foundation's marketable securities portfolio is diversified among issuers.

NOTE I – NON-CASH TRANSACTIONS

The Foundation received contributions of stock in the amount of \$3,121,159 and \$5,139,686 for the years ended June 30, 2016 and 2015, respectively. These contributions have been treated as non-cash transactions for the purpose of the statement of cash flows.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 26, 2016, the date these financial statements were available to be issued.